ClearStream Energy Services Inc.

ANNUAL INFORMATION FORM
(for the year ended December 31, 2021)

March 8, 2022

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Advisory regarding Forward-Looking Information

Certain information included in this Annual Information Form ("**AIF**") may constitute "forward-looking information" within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of ClearStream and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of ClearStream. Without limitation, information regarding the future operating results and economic performance of ClearStream constitute forward-looking information. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of the Company.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information, including, but not limited to, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditures needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "*Risk Factors*" in this AIF, which may cause actual events or results to differ materially from any forward-looking information.

In formulating the forward-looking information herein, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this AIF, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Market Data and Forecasts

Market data and certain forecasts used throughout this AIF were obtained from internal surveys, market research, publicly available information and independent industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and the completeness of such information is not guaranteed and neither the Company nor any other person makes any representation as to the accuracy of such representation. Similarly, internal surveys, forecasts, market research and publicly available information, while believed to be reliable, have not been independently verified from third party sources and neither the Company nor any other person makes any representation as to the accuracy of such information.

Reporting Currency

In this AIF, unless otherwise stated, dollar amounts are reported in Canadian dollars.

Glossary

Capitalized terms used in this AIF have the meanings set forth below:

“**ABL Facility**” means the asset-based lending facility, which is comprised of the Revolving Facility and the Term Loan Facility (see “Capitalization of the Company – Credit Facilities – ABL Facility”);

“**BDC Facility**” means the secured loans provided by the Business Development Bank of Canada to ClearStream Real Estate LP and ClearStream Equipment LP (see “Capitalization of the Company – Credit Facilities – BDC Facility”);

“**Board of Directors**” means the board of directors of ClearStream;

“**Canso**” means Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages;

“**ClearStream**” or the “**Company**” means ClearStream Energy Services Inc.;

“**Common Shares**” means the common shares in the capital of the Company;

“**Preferred Shares**” means, collectively, the Series 1 Preferred Shares and the Series 2 Preferred Shares;

“**Revolving Facility**” means the revolving credit facility provided to the Company by a Canadian chartered bank, which, as at the date of this AIF, provided for maximum borrowings of up to $15 million;

“**Senior Secured Debentures**” means the 8.00% senior secured debentures of the Company due March 23, 2026 which were issued pursuant to the Senior Secured Indenture;

“**Senior Secured Indenture**” means the trust indenture between ClearStream, as issuer, and BNY Trust Company of Canada (now Computershare Trust Company of Canada), as debenture trustee, dated March 23, 2026, as amended and supplemented from time to time;

“**Series 1 Preferred Shares**” means the series 1 cumulative redeemable convertible preferred shares in the capital of the Company, which provide for a 10% fixed cumulative preferential cash divided payable upon sole determination by the Board of Directors, have a value of $1,000 per share and are convertible into Common Shares at a price of $0.35 per Common Share (see “Capitalization of the Company – Series 1 Preferred Shares”);

“**Series 2 Preferred Shares**” means the series 2 cumulative redeemable convertible preferred shares in the capital of the Company, which provide for a 10% fixed cumulative preferential cash divided payable upon sole determination by the Board of Directors, have a value of $1,000 per share and are convertible into Common Shares at a price of $0.10 per Common Share (see “Capitalization of the Company – Series 2 Preferred Shares”); and

“**Term Loan Facility**” means the non-revolving term loan facility provided to the Company by Canso, which, as at the date of this AIF, had an outstanding balance owing of $40.5 million.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

ClearStream Energy Services Inc. (the "**Company**" or "**ClearStream**") was previously an unincorporated open-ended trust operating under the name of Newport Partners Income Fund (the "**Fund**"), established and existing under the laws of the Province of Ontario pursuant to a declaration of trust dated May 13, 2005, as amended. At a special meeting of unitholders of the Fund (the "**Unitholders**") held on March 25, 2011, a special resolution was passed approving the conversion of the Fund to a corporation pursuant to a plan of arrangement (the "**Conversion Arrangement**") under the *Business Corporations Act* (Ontario).

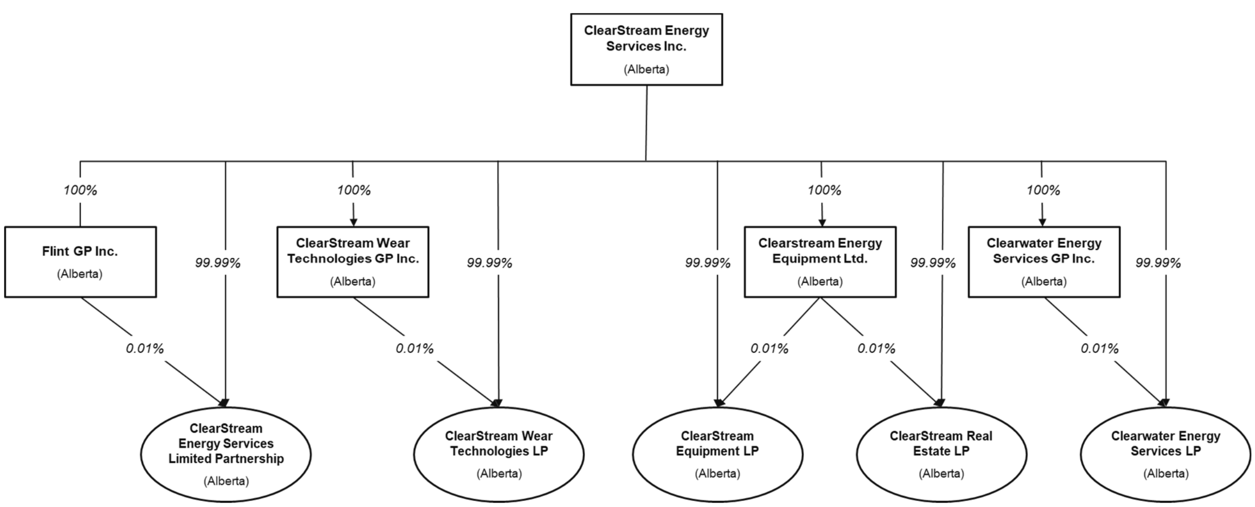
The Conversion Arrangement resulted in the reorganization of the Fund's income trust structure into a corporation named "Newport Inc.". Effective April 1, 2011, Unitholders automatically received one common share of Newport Inc. in exchange for each unit of the Fund. On June 30, 2011, the corporate name was changed from Newport Inc. to Tuckamore Capital Management Inc. On October 13, 2016, the corporate name was changed from Tuckamore Capital Management Inc. to the current corporate name, ClearStream Energy Services Inc.

On January 31, 2022, ClearStream filed articles of continuance to continue out of the jurisdiction of Ontario under the *Business Corporations Act* (Ontario) and into the jurisdiction of Alberta under the *Business Corporations Act* (Alberta). The continuance was approved at the annual and special meeting of shareholders held on June 18, 2021.

ClearStream's registered office is located at #120 – 4954 Richard Road SW, Calgary, Alberta, T3E 6L1 and its head office is located at Suite 3500, 205 – 5th Avenue SW, Calgary, Alberta, T2P 2V7.

1.2 Intercorporate Relationships

The corporate structure of the Company and its material subsidiaries as of the date of this AIF is as follows:



2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Business Overview

With over 50 years of experience, ClearStream is a leading provider of asset integrity services to the energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agriculture, forestry, infrastructure and water treatment. With offices strategically located across Western Canada and a dedicated workforce, ClearStream's services include: maintenance and turnarounds; wear technologies and weld overlays; fabrication, modularization and machining; facility construction; pipeline installation and integrity; high voltage construction; electrical and instrumentation; workforce supply; heavy equipment operators; and environmental services.

Section 2.2 below describes acquisitions, dispositions, financings and other conditions that have influenced the general development of the Company's business over the last three completed financial years.

2.2 Three Year History

2.2.1 2019 Developments

A. Acquisition of Production Services Business from AECOM

On June 28, 2019, ClearStream, completed the acquisition from AECOM Production Services Ltd. and certain of its affiliates (collectively, "**AECOM**") of certain assets of the production services division (the "**AECOM PSD Business**") for an aggregate purchase price of approximately $40.5 million (including working capital) (the "**AECOM PSD Business Acquisition**").

The AECOM PSD Business has been successfully operating in Western Canada since 1998 when Flint Energy Services was formed and established the business. Acquired by AECOM in 2014, the AECOM PSD Business operated in the mechanical services and electrical and instrumentation services sectors across Alberta serving some of the largest upstream, midstream and downstream operators in Canada. These services included the full project life cycle of construction and maintenance services such as: civil, fabrication and modularization, mechanical installations, facility construction, pipelining, electrical, instrumentation, high voltage and maintenance services.

As part of the AECOM PSD Business Acquisition, ClearStream also acquired certain assets and real estate properties of the AECOM PSD Business located throughout Alberta and related human resources, in addition to AECOM's rights to the Flint brand in Canada.

Following completion of the AECOM PSD Business Acquisition, ClearStream's maintenance and construction services business division was combined with the acquired AECOM PSD Business, and the combined business is now marketed as Flint, a division of ClearStream.

ClearStream financed the purchase of the AECOM PSD Business Acquisition through a combination of (i) an equity financing of 20,200 Series 2 Preferred Shares, at a price of $1,000 per share, issued on a prospectus-exempt basis to Canso for aggregate gross proceeds of $20.2 million (the "**AECOM Private Placement**"), (ii) a new secured debt facility in the amount of $19 million from the Business Development Bank of Canada (the "**BDC Facility**"), secured by certain real estate and equipment acquired pursuant to the AECOM PSD Business Acquisition, and (iii) a portion of the proceeds of new term loans made available pursuant to amendments to the ABL Facility (see "*2019 Developments – ABL Facility Amendments*"). For information on the Series 2 Preferred Shares and the BDC Facility, see "*Capitalization of the Company*".

B. Acquisition of Universal Weld Overlays Inc.

Also on June 28, 2019, ClearStream completed the acquisition (the "**UWO Acquisition**") of all of the shares of Universal Weld Overlays Inc. ("**UWO**"), for an aggregate purchase price of approximately $16.0 million, inclusive of working capital, deferred consideration of $1.3 million (to be paid in three equal instalments on June 28, 2020, 2021 and 2022), and an estimate of the earn-out to be paid on June 28, 2022 (the amount of which is based on management's best estimate of performance against targets for average three-year EBITDA). The portion of the purchase price paid in cash on closing for the UWO Acquisition was financed through an equity financing of 12,000 Series 2 Preferred Shares issued on a prospectus-exempt basis to Canso for aggregate gross proceeds of $12 million (the "**UWO Private Placement**").

C. Interest Settlement

In addition to the AECOM Private Placement and the UWO Private Placement, ClearStream issued 7,911 Series 2 Preferred Shares at a price of $1,000 per share on a prospectus-exempt basis to Canso for aggregate gross proceeds of $7.9 million, which was used by the Company to satisfy its obligation to pay the interest that was to become due and payable on June 30, 2019 and December 31, 2019, respectively, under the outstanding Senior Secured Debentures (the "**Interest Settlement**").

The Interest Settlement was completed on June 28, 2019. Pursuant to applicable securities law and the rules of the TSX, the Interest Settlement, the AECOM Private Placement and the UWO Private Placement required approval by a majority of votes cast by holders of the Common Shares after excluding the Common Shares owned or controlled by Canso for the purposes of "minority approval" under Multilateral Instrument 61-101 (Protection of Minority Security Holders in Special Transactions) and for purposes of the rules of the TSX. Canso was considered a related party to ClearStream pursuant to its ownership of, among other securities, 17,588,076 Common Shares of ClearStream (representing approximately 16% of the outstanding Common Shares on an undiluted basis). Such approval was sought and received at the annual and special meeting of holders of Common Shares held on June 19, 2019. In connection with the Interest Settlement, the Company entered into the Fourth Supplemental Senior Secured Indenture on June 26, 2019.

D. ABL Facility Amendments

In connection with the AECOM PSD Business Acquisition, the UWO Acquisition and the associated financings, the ABL Facility, which at the time was comprised of revolving credit facility providing for maximum borrowings of $50 million with a syndicate of Canadian chartered banks and a $10 million non-revolving term credit facility with Canso, was amended and restated pursuant to a third amended and restated credit agreement dated June 26, 2019 to provide for, among other things, a $13.5 million increase in the Term Loan Facility (to $23.5 million), certain borrowing base adjustments, certain amendments to the financial covenants and reporting obligations, and to permit the completion of the AECOM PSD Business Acquisition, the AECOM Private Placement, the UWO Acquisition, the UWO Private Placement, the Interest Settlement and the redemption of certain outstanding convertible debt. The additional $13.5 million advanced under the Term Loan Facility was used to finance a portion of the purchase price payable for the AECOM Acquisition, to complete the redemption of the outstanding convertible debt, to pay for certain transaction costs and to repay amounts owing under the revolving facility of the ABL Facility.

On September 10, 2019, the Company announced further amendments to the ABL Facility to, among other things, provide for a $17 million increase in the Term Loan Facility (to $40.5 million). The additional $17 million advanced under the Term Loan Facility was used to reduce the amount outstanding under the revolving facility of the ABL Facility.

2.2.2 2020 Developments

A. Senior Secured Debentures – Payment in Kind Transactions

On June 3, 2020, the Company announced that Canso, as sole holder of the Senior Secured Debentures, had agreed to accept the issuance of an additional 3,956 Senior Secured Debentures on June 30, 2020 and 4,114 Senior Secured Debentures on December 31, 2020 at a principal amount of $1,000 per Senior Secured Debenture in order to satisfy the interest that would otherwise become due and payable on such dates (the "**2020 Payment in Kind Transactions**"). The 2020 Payment in Kind Transactions resulted in ClearStream saving approximately $7.9 million in cash. Following the 2020 Payment in Kind Transactions, approximately $107 million principal amount of Senior Secured Debentures was outstanding at year-end 2020. The terms of the new Senior Secured Debentures issued pursuant to the 2020 Payment in Kind Transactions were the same as the existing Senior Secured Debentures in all material respects. In connection with the 2020 Payment in Kind Transactions, the Company entered into the Fifth Supplemental Senior Secured Indenture on June 2, 2020.

B. ABL Facility Amendments – Interest and Payment Deferrals

Pursuant to an amending agreement dated May 29, 2020 to the Third Amended and Restated Credit Agreement, the Lenders and Canso agreed to amend the ABL Facility to, among other things: (a) provide the option to defer interest owing on amounts drawn on the Revolving Facility at the end of May, June and July 2020 (with any such deferred amounts to be paid on August 31, 2020); (b) provide for the deferral of interest payments on amounts drawn on the Term Loan Facility from May 29, 2020 to March 31, 2021 (with such deferred amounts to be paid on March 31, 2021); (c) waive compliance with the fixed charge coverage ratio covenant for the fiscal quarter ending June 30, 2020; (d) defer the payment of certain fees (with any such deferred amounts to be paid on August 31, 2020); and (e) permit the Payment in Kind Transactions. As a result of these amendments, the potential interest payment deferral on the Term Loan Facility from May 29, 2020 to March 31, 2021 totalled approximately $3.0 million.

As ClearStream had adequate liquidity, it terminated the interest deferral on the Term Loan Facility early and paid the deferred interest owing on the Term Loan Facility in November 2020. As no amounts were drawn on the Revolving Facility during the deferral period, no interest payments were deferred.

C. BDC Facility Amendments – Interest and Payment Deferrals

The BDC Facility consists of two secured loans totaling $19.0 million with the Business Development Bank of Canada ("**BDC**"), which were advanced on June 26, 2019 under the letter of offer dated June 14, 2019 between BDC and ClearStream Energy Holdings LP to partially fund the AECOM PSD Business Acquisition. The first loan was for $13.5 million and was repayable over 300 monthly payments of $45,000 from April 1, 2020 to March 1, 2045. The second loan was for $5.5 million and was repayable over 72 monthly payments of $76,000 from July 28, 2019 to June 28, 2025.

On March 30, 2020, the Company signed an agreement with BDC to postpone effective May 1, 2020 all principal payments on the loans for a period of six months with the postponed payments being added to the end of each loan term. As a result of the principal postponement and the application of the proceeds from the sale of certain assets that were pledged as security for the Equipment Loan, the final payment on the Property Loan will occur on October 2, 2045, the final payment on the Equipment Loan will occur on March 28, 2025 and the monthly payment on the Equipment Loan has been reduced to $75,000.

On May 13, 2020, the Company signed an agreement with BDC to postpone effective May 13, 2020 all interest payments on the loans for a period of six months with the amount of the deferred interest being payable at the end of the deferral period in twelve equal consecutive monthly instalments.

D. Corporate Reorganization and Resulting Debt Facility Amendments

Effective December 31, 2020, the Company completed an internal corporate reorganization that resulted in the elimination of inactive entities and, in certain cases, the consolidation of active entities.

The reorganization included the wind-up of ClearStream Energy Holdings LP, the borrower under the ABL Facility and the two secured loans from BDC. As a result, the Company became the borrower under the ABL Facility, ClearStream Equipment LP became the borrower under the $5.5 million secured loan from BDC, and ClearStream Real Estate LP became the borrower under the $13.5 million secured loan from BDC. As a result of these changes, amendments were made to the applicable lending agreements. See "*Material Contracts*".

2.2.3 2021 Developments

A. General

On February 1, 2021, the Company re-branded its environmental services offering as Flint Environmental Services. The combination of the Company's environmental specialists and project managers with Flint's personnel operating through its extensive network of facilities in Western Canada enhanced its integrated full-service offering.

In March 2021, the Company established a joint venture with Fort McMurray First Nation to provide heavy equipment operators in North Eastern Alberta. This joint venture leveraged the experience and strengths of both parties for mutual benefit and growth, and further positioned the Company as a leading service provider of heavy equipment operators. In January 2022, the joint venture was expanded to include project management, construction, maintenance, turnarounds, wear, technologies, machining and fabrication services.

On August 16, 2021, the Company completed the acquisition of all of the issued and outstanding shares of Sharp Instruments Ltd., an electrical and instrumentation company in Fort St. John, BC, in exchange for cash consideration of $1.2 million. This business is now included in the Maintenance and Construction Services segment.

B. ABL Facility Amendments

On March 23, 2021, the ABL Facility was amended and restated pursuant to a fifth amended and restated credit agreement dated March 23, 2021 that extended the maturity date of the Revolving Facility to March 31, 2022, reduced the maximum borrowings available under the Revolving Facility to $15 million and effected certain other amendments. Due to the Company's cash position at the time, it was able to reduce the maximum borrowings available under the Revolving Facility.

C. Senior Secured Debentures – Payment in Kind Transactions

On December 10, 2021, the Company announced that Canso, as sole holder of the Senior Secured Debentures, had agreed to accept the issuance of an additional 4,278 Senior Secured Debentures on December 31, 2021, 4,449 Senior Secured Debentures on June 30, 2022 and 4,627 Senior Secured Debentures on December 31, 2022 at a principal amount of $1,000 per Senior Secured Debenture in order to satisfy the interest that would otherwise become due and payable on such dates (the "**Payment in Kind Transactions**"). The Payment in Kind Transactions will result in ClearStream saving approximately $13.4 million in cash. Following the Payment in Kind Transactions, the principal amount of Senior Secured Debentures outstanding was $111.2 million at December 31, 2021 and will be approximately $115.7 million at June 30, 2022 and $120.3 million at December 31, 2022. The terms of the new Senior Secured Debentures issued pursuant to the Payment in Kind Transactions were the same as the existing Senior Secured Debentures in all material respects. In connection with the Payment in Kind Transactions, the Company entered into the Seventh Supplemental Senior Secured Indenture on December 15, 2021.

2.3 Recent Developments

On February 25, 2022, the Company received confirmation from a Canadian chartered bank that it had agreed to provide a $25.0 million asset-based revolving credit facility with a three-year term (the "**New ABL Facility**"), subject to the completion of a new credit agreement and other legal documentation. The New ABL Facility is expected to be finalized prior to the maturity of the Revolving Facility on March 31, 2022. The terms of the New ABL Facility are expected to be substantially similar to the Revolving Facility, other than the increase in the size of the facility and the longer term. The existing credit agreement, which governs both the Revolving Facility and the Term Loan Facility, will be amended to govern only the Term Loan Facility, the terms of which are expected to remain substantially the same.

3. DESCRIPTION OF THE BUSINESS

3.1 Business Overview

With over 50 years of experience, ClearStream is a leading provider of asset integrity services to the energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agriculture, forestry, infrastructure and water treatment. With offices strategically located across Western Canada and a dedicated workforce, ClearStream's services include: maintenance and turnarounds; wear technologies and weld overlays; fabrication, modularization and machining; facility construction; pipeline installation and integrity; high voltage construction; electrical and instrumentation; workforce supply; heavy equipment operators; and environmental services. The majority of ClearStream's revenues are derived from operating and maintenance services, which are recurring in nature and less volatile than growth-related expenditures. ClearStream's maintenance contracts generally have terms of one to five years.

In 2019, ClearStream's maintenance and construction services business was combined with the production services business acquired from AECOM to form Flint, a division of ClearStream. Flint represents the largest segment of ClearStream's business. The Flint brand is a market leader in the energy services industry in Western Canada.

As at December 31, 2021, ClearStream had approximately 2,400 employees. The number of employees working on the various sites can vary depending on seasonality and client demand. The senior executive team and head office is located in Calgary, Alberta.

3.2 Products and Services

ClearStream's products and services can be broadly grouped into three categories: (i) maintenance and construction services; (ii) wear technologies; and (iii) environmental services.

3.2.1 Maintenance and Construction Services

A. Maintenance and Turnarounds

These services support all aspects of pipeline and facility maintenance and management, including planning and scheduling, cost control, procurement, regulatory compliance, logistics and material management, warehousing and the supply of skilled plant operators and trade professionals. Supplemental and operational maintenance services include providing complete plant and field support, quality control, field operations and safety management systems personnel. ClearStream's maintenance services often include the provision of materials and equipment required to execute day-to-day maintenance services. Shutdown and turnaround services are fully integrated and designed to minimize plant and facility downtime and support long-term asset integrity. In plant turnarounds, where a facility is shut down for a period of time for service and repair, ClearStream is typically involved from the start of shutdown planning through to the completion of the turnaround.

B. Facility Construction, Pipeline Installation and Integrity, and Electrical and Instrumentation, and High Voltage Construction

Facility Construction: ClearStream provides complete plant and facility construction services, including project planning and constructability, estimating and scheduling, project and construction management, fabrication and modular construction, field construction, maintenance and turnaround services, and workforce supply. The facility construction business is complemented by maintenance service offerings after the completion of construction.

Pipeline Installation and Integrity: ClearStream provides full cycle services for small diameter pipeline construction of laterals, tie-ins and gathering lines and above ground pipelines, from constructability planning through to construction execution. ClearStream also provides pipeline integrity dig services, which involve determining the exact location for the integrity dig while adhering to strict ground disturbance procedures.

Electrical and Instrumentation: ClearStream provides a complete range of electrical and instrumentational construction and maintenance services to the energy, commercial and industrial markets. Construction services range from major facility construction to plant expansions and upgrades.

High Voltage Construction: ClearStream provides high voltage construction services, including material procurement and project construction and management, to power generating facilities and substations for regulated utilities, industrial and municipal-owned electric utilities, oil and natural gas producers, independent power generators and wind farms.

C. Fabrication, Machining and Modular Assembly

This business line includes piping fabrication, modular fabrication, modular assembly, skid packages, vessel dressings, structural fabrication and machining services (including manual and computer numeric control and sub arc and orbital welding). These services are provided out of the Company’s fabrication shops located throughout Alberta and in Fort St. John, British Columbia.

D. Workforce Supply

ClearStream supplies qualified heavy equipment operators, labourers and skilled technical professionals to meet its customer’s operational needs.

3.2.2 Wear Technologies

ClearStream's Wear Technologies division is a manufacturer and distributor of the AssetArmor™ product line, which provides asset protection from abrasion, corrosion and erosion, and performs pressure piping, structural and pressure vessel fabrication services.

A. ClearStream Wear Technologies

ClearStream's Wear Technologies division is a solutions based provider that manufactures and distributes a suite of products that prevents or inhibits corrosion and abrasion challenges. The products are developed and fabricated out of its two facilities located in Sherwood Park and Lloydminster, Alberta. ClearStream's patented overlay wear technologies prolong the component life of steel pipes and plates used in harsh operating conditions by protecting them against the harmful and costly effects of abrasion, erosion, corrosion and impact. The technology has applications in any industrial use that requires steel component protection. The ClearStream Wear division specializes in the fabrication and/or supply of overlay pipe spools, pipe bends, wear plates, custom overlay solutions, chrome white iron spools and asset integrity monitoring to operators in the Alberta oil sands.

B. Universal Weld Overlays

ClearStream's Universal Weld Overlays division (UWO) provides weld overlays of pre-fabricated components for protective uses in corrosive and erosive environments out of its facility located in Airdrie, Alberta. Weld overlay can be applied to any weldable base material, including carbon steel, chrome moly, low alloy steel, stainless steel, inconel, and monel. UWO's products increase the life expectancy of steel pipes and plates. UWO's products are sold throughout North America primarily to downstream facilities across a range of industry markets, including oil and gas, refining, pulp and paper, petrochemicals, power, pipeline, mining and industrial fabrication.

3.2.3 Environmental Services

Flint Environmental Services, a division of ClearStream, provides environmental consulting and field services to clients across various end markets, such as oil and gas, pipeline, forestry, mining, power and government. The environmental services business complements the fabrication, construction and maintenance service offerings, enabling ClearStream to provide its customers with services that span the full project lifecycle, from construction to decommissioning. This business line includes full-scope environmental and regulatory compliance services, from the initial planning stage (pre-construction assessments, regulatory licensing and permitting), through the operational stage (amendments or renewal applications, water, air and soil monitoring, waste management reporting and spill response), to site abandonment and decommissioning, as well as the remediation and reclamation stage (Phase 1 and 2 environmental site assessments, remedial excavations, and full site reclamation including regulatory submissions and notifications).

3.3 Customers

ClearStream's largest customer base operates in the oil and gas industry and includes upstream, midstream and downstream companies. ClearStream also has customers operating in the petrochemical, mining, power, agriculture, forestry, infrastructure and water treatment industries.

ClearStream's customer base includes some of the largest and most recognized names in the oil and gas industry. Three of Canada's largest integrated oil companies represent approximately 29% of ClearStream's revenues for the year ended December 31, 2021. Notwithstanding that ClearStream operates in a dynamic marketplace that is constantly changing due to merger and acquisition activity within the oil and gas industry, ClearStream has been successful in fostering long-standing relationships with its customers.

3.4 Industry Trends

The energy industry (and particularly the oil and gas industry) is prone to cyclical fluctuations. The financial health of exploration and production companies and the level of activity in this sector are directly correlated with the prices for petroleum and natural gas.

Certain segments of the oil and gas services industry run in a parallel cycle to exploration and production. Other segments, including those related to annual maintenance and repair, are more insulated from industry cyclicality but are nevertheless still impacted by market conditions. ClearStream has made the strategic decision to focus on these less cyclical service areas in an effort to achieve operational and financial stability.

3.5 Competition

ClearStream's principal competitors include, but are not limited to, large multinational engineering, construction and maintenance organizations, Canadian-based industrial services entities, specialty corrosion and abrasion product suppliers, and smaller regional industrial services entities throughout western Canada.

ClearStream believes that its focus on safety, people and operational excellence, combined with existing long-term relationships with its customers, has made it a Western Canadian market leader in its field and has created a strong competitive advantage.

4. RISK FACTORS

An investment in Common Shares involves a number of risks. In addition to the other information contained in this AIF and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's results of operations, business prospects or financial condition. The risks described below and referenced elsewhere in this AIF are not exhaustive. The Company operates in a very competitive and ever-changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business.

4.1 Risks Relating to the Company's Business and Operations

4.1.1 COVID-19 Pandemic

The outbreak of the COVID-19 pandemic and its impact on the global economy (including a material reduction in the demand for petroleum products) has impacted the Company's plans and activities by reducing the demand for its services and its gross profit margins. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and the impact on economic activity can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a major healthcare challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by COVID-19 and ultimately that the Company would see its workforce productivity reduced. In addition, the COVID-19 pandemic has created a dramatic slowdown in both the global and local economy. The duration of the COVID-19 pandemic and the resulting travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital.

There can be no assurance that the Company will not continue to be impacted by adverse consequences that may be brought about by the COVID-19 pandemic, including an extended period of low commodity prices further reducing the demand for its services and its gross profit margins which in turn will put pressure on its financial liquidity.

The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic are continually evolving and are not fully known at this time; therefore, there is significant risk and uncertainty which may have a material and adverse affect on the Company's operations. In addition, the following risks may be exacerbated as a result of the COVID-19 pandemic:

- The Company's credit facilities may not provide sufficient liquidity;
- Failure to comply with the covenants in the agreements governing the Company's debt could adversely affect the Company's financial condition;
- The Company's business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American oil and natural gas, which is volatile;
- The Company relies on certain key personnel whose absence or loss could disrupt its operations and have a material adverse effect on its business;
- Since a significant portion of the Company's work is in the oil sands sector, the Company's performance is sensitive to factors affecting the oil sands sector, including temporary or permanent shutdown of projects due to downturns in oil and gas prices, natural disasters, mechanical breakdowns, technology failures or pressure from environmental activism;
- The Company may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits;
- Cyber attacks and loss of the Company's information and computer systems as its workforce moves to remote connections could adversely affect the Company's business; and
- The Company's business is subject to changes in general economic conditions over which it has little or no control.

4.1.2 Compliance with Debt Covenants

ClearStream is required to comply with the covenants in the ABL Facility, the BDC Facility and the Senior Secured Debentures. If the Company fails to comply with such covenants, is unable to pay the principal, interest and debt service charges when due or otherwise commits an event of default that is not cured or waived, such as bankruptcy, it could result in the seizure and/or sale of the Company's assets by its secured creditors. The proceeds from any such sale of assets would be applied to satisfy the amounts owned to the secured creditors and then unsecured creditors. Only after such sale proceeds are applied towards the Company's debt would the remainder, if any, be available for the benefit of shareholders and, in such event, the Preferred Shares would rank in priority to the Common Shares.

4.1.3 Credit Facilities May Not Provide Sufficient Liquidity

The Company's current credit facilities, the ABL Facility and the BDC Facility, and any replacement credit facilities may not provide sufficient liquidity and operating flexibility or allow it to continue operating its business in the normal course. The amounts available under the Company's existing credit facilities may not be sufficient for future operations, or the Company may not be able to obtain additional financing on satisfactory economic terms, if at all. There can be no assurance that the amount of the Company's credit facilities will be adequate to meet its future financial obligations, including debt service expenses, scheduled payments of principal and interest and future capital expenditures, or that the Company will be able to obtain additional funds. Deterioration in the Company's revenues or relationships with suppliers, or the inability of the Company to successfully manage costs, or the impact of external factors beyond the control of the Company such as further deterioration in general economic conditions (including commodity prices such as oil and natural gas), may have a material adverse effect on the Company and may result in the Company not being able to pay its debts as they become due. In the event that the Company is unable to refinance its debt obligations, its ability to fund ongoing operations may be materially adversely affected. In the event that the credit facilities are not extended before their maturity dates, the indebtedness under the credit facilities will become due repayable at such time. There is also a risk that the credit facilities will not be renewed for the same amount or on the same terms. In addition, the Company is required to repay the Senior Secured Debentures at maturity. See *"Capitalization of the Company"*.

4.1.4 Availability of Future Financing

The Company is reliant on external sources of financing to fund its ongoing operations. The Company uses available liquidity from its credit facilities to ensure that it has sufficient working capital to fund operations and meet its financial obligations. The interest payable under the credit facilities is subject to change based on the amount of indebtedness and other factors. The Company's ability to make interest payments on its credit facilities, as well as the scheduled payments of principal and interest under the Senior Secured Debentures, could be negatively impacted by operations or other internal events or external financial or other events that affect the Company's liquidity. Any future refinancing of the ABL Facility, the BDC Facility or the Senior Secured Debentures would be dependent upon the Company's access to external funds, which access may be affected by numerous external factors or changes in the Company's performance or prospects. In addition, any tightening in capital markets generally, or deterioration of the Company's share price or operational or financial performance, may adversely affect its ability to raise funds or the cost of raising, which may in turn restrict the Company's ability to continue its business plan, make capital investments to fund future growth initiatives and meet all of its financial obligations as they become due. There can be no assurance that if, as and when the Company seeks equity or debt financing or re-financing, it will be able to obtain the required financing or re-financing on favourable commercial terms, or at all. Any such future financing or re-financing may also result in dilution to existing shareholders.

The Company may enter into transactions that may be financed in whole or in part with debt. The level of indebtedness from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

The degree to which the Company is leveraged could have important consequences to shareholders, including the following: (i) the ability to obtain additional financing for working capital, capital expenditures or acquisitions; (ii) a material portion of cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations; (iii) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. The Company's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flows, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

4.1.5 Labour

The success of the Company depends on its ability to maintain productivity and profitability. The productivity and profitability of ClearStream may be limited by its ability to recruit, train and retain the skilled personnel necessary to maintain its customer service levels and to satisfy increased demand for its services. ClearStream cannot be certain that it will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support its growth strategy. As well, ClearStream cannot be certain that its labour expenses will not increase as a result of shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of ClearStream to maintain or grow its business. In addition, changes to the provincial Labour Relations Code could impact the Company's labour structure and negatively affect the Company's competitiveness and profitability.

Approximately 2% of ClearStream's hourly employees are unionized and accordingly the Company is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors. Any work stoppage resulting from a strike or lockout could result in cost escalation, service disruptions and decreased contract margins and could therefore have a material adverse effect on the Company's business, financial condition and results of operations. ClearStream's customers also employ workers under collective agreements. Any work stoppage or labour disruption experienced by ClearStream's key customers could significantly reduce the demand for ClearStream's services.

4.1.6 Dependence on Key Personnel

The success of the Company depends on the efforts and performance of its executive officers, senior management team and other key employees. The loss of the services of key personnel could negatively impact the Company. In addition, the Company's growth plans may require additional employees, increase the demands on management and produce risks in both productivity and retention levels. The future success of the Company also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Since most of the Company's competitors face this challenge, there is strong competition for qualified personnel. If the Company ceases to be seen by current and prospective employees as an attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations and would limit the Company's prospects and impair its future success.

4.1.7 Use of Cash Flow and Restrictions on Potential Growth

The majority of the Company's cash flow and any asset sale proceeds will, for the foreseeable future, be used to service the debt under the ABL Facility, the BDC Facility and the Senior Secured Debentures. Without increased cash flow, the Company's future growth could be restricted by an inability to make additional capital and operating expenditures, beyond debt servicing, to grow the business.

4.1.8 Dilution / Change of Control

Common Shares are issuable in connection with any conversion of the Preferred Shares, which would result in the dilution of the percentage ownership held by the current holders of Common Shares in the Company. For further information on the Preferred Shares, see "*Capitalization of the Company – Preferred Shares*".

Assuming: (i) all of the Series 1 Preferred Shares that are held by Canso are converted into Common Shares (excluding any Series 1 Preferred Shares issued in satisfaction of accrued and unpaid dividends on the Series 1 Preferred Shares); (ii) all of the Series 2 Preferred Shares, which are all held by Canso, are converted into Common Shares (excluding any Series 2 Preferred Shares issued in satisfaction of accrued and unpaid dividends on the Series 2 Preferred Shares); (iii) no other Common Shares of the Company are issued prior to such conversions; (iv) no right of redemption or retraction is exercised under the Series 1 Preferred Shares or the Series 2 Preferred Shares; and (v) no other Series 1 Preferred Shares are converted into Common Shares, **Canso would exercise control or direction over approximately 89% of the then outstanding Common Shares of the Company**. Canso, to the extent permitted under securities legislation, or any transferee of Canso's holdings, would then be in a position to unilaterally elect a majority of the directors of the Company should it choose to do so.

In addition, as at December 31, 2021, the accrued and unpaid dividends on the Preferred Shares totaled $59.9 million. Assuming that the holders of the Preferred Shares exercise the right to convert such accrued and unpaid dividends into additional Preferred Shares and then convert such Preferred Shares into Common Shares, approximately 242,857,000 Common Shares would be issued, which represents approximately 221% of the Common Shares outstanding as of December 31, 2021.

4.1.9 Volatility of Oil and Gas Industry Conditions

The demand, pricing and terms for energy services in general, including those provided by ClearStream, is largely dependent upon the level of activity in the oil and natural gas industry, which in turn are influenced by numerous factors which are beyond ClearStream's control, including: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; production levels; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; regional and worldwide climate and weather conditions; government policies; delays or postponements of pipeline or liquified natural gas projects; global political, military, regulatory and economic conditions; and the ability of companies in the oil and natural gas sector to raise equity capital or debt financing.

Demand for the services provided by ClearStream is directly impacted by the prices of oil and natural gas, since such prices are the most significant single factor influencing cash flows and capital spending programs of oil and natural gas industry participants and overall industry activity. Commodity prices fluctuate in response to changes in the supply of, and demand for, oil and natural gas, market uncertainty and a variety of additional factors that are beyond ClearStream's control and that result in a high degree of price volatility. Crude oil and natural gas prices have been volatile and are expected to remain volatile as a result of market uncertainties over the supply and demand of these commodities due to various concerns including oversupply, the current state of the world economics, actions taken by the Organization of the Petroleum Exporting Countries, and ongoing credit and liquidity concerns within the industry. A significant, prolonged decline in commodity prices would negatively affect oil and natural gas production levels, and in turn, the demand for ClearStream's services. A significant, prolonged decline in commodity prices and industry activity could have a material adverse effect on the energy services sector, service sector pricing, and ClearStream's business, results of operations, cash flows and financial condition.

Demand for ClearStream's services depends largely on the amount and timing of oil and natural gas industry activities. ClearStream can give no assurance about current oil and natural gas activity and whether demand will increase or decrease, or whether ClearStream will be directly impacted by such increase or decrease in demand. A decrease in the demand for ClearStream's services will negatively impact ClearStream's business, results of operations, cash flows and financial condition.

4.1.10 Performance on Customer Contracts

ClearStream's operations depend on its ability to perform under the agreements with its customers and the ability to attract new business. The key factors that determine whether a customer continues to use ClearStream are service quality and availability, performance and reliability, technical knowledge, experience, safe operations and competitive pricing. There can be no assurance that ClearStream's relationship with its customers will continue, and a significant reduction or total loss of business from its customers, if not offset by sales to new or existing customers, could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.11 Collection and Credit Risks

ClearStream is subject to the risk that its customers or suppliers may default on their obligations to the Company, including as a result of liquidity constraints or insolvency. Furthermore, low oil and natural gas prices increase the risk of bad debts related to the Company's customers and industry partners. The majority of ClearStream's accounts receivable are with customers involved in the oil and natural gas industry, whose revenues may be impacted by fluctuations in commodity prices. The failure or significant delay by such counterparties to make payments or perform their obligations to the Company could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition. Conversely, such counterparties may deem the Company to be at risk of defaulting on its contractual obligations and may require the Company to provide additional credit assurances, such as prepaying anticipated expenses, which could decrease the Company's available liquidity and increase its costs.

4.1.12 Safe Operations

ClearStream's success as a service provider is highly dependent on its ability to keep its worksites safe. Failure to do so can seriously impact the personal safety of its employees and others and can expose the Company to fines, regulatory penalties and even criminal prosecution. Safety is a key factor considered by existing and potential customers when selecting energy and other industry service providers. ClearStream's safety record and worksite safety practices have a direct bearing on demand for its services and the Company's ability to secure work. ClearStream is subject to many health and safety laws and regulations. The Company's safety practices are also dictated by accepted industry practices and customer safety requirements. A deterioration in ClearStream's safety performance could result in a decline in the demand for ClearStream's services and could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.13 Regulation

The operations of the Company are directly and indirectly impacted by a variety of federal, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, conduct of operations and protection of the environment. The Company may become subject to additional laws, regulations and guidelines in the future as a result of acquisitions or expansion into other markets or otherwise. The operations of ClearStream may also be directly or indirectly impacted by elections, which may result in a change in government and regulatory policies on a local, national or international level.

ClearStream believes each of its operating entities operate in material compliance with laws and regulations in the regions in which it operates. ClearStream invests financial and managerial resources to ensure such compliance and will continue to do so in the future. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the business, results of operations, cash flows and financial condition of the Company. Although such expenditures historically have not been material, such laws and regulations are subject to change. ClearStream cannot predict the cost or impact of changes to any such laws and regulations on its future operations.

The operations of the Company's customers are also subject to and impacted by a wide range of laws and regulations in the jurisdictions in which they operate, including environmental protection, income tax, tariffs and project approval regulations. Such laws and regulations are subject to revocation, amendment or administrative change by government authorities in response to economic or political conditions, which could result in disruption or curtailment of the operations of the Company's customers or other material adverse effects. The cost of compliance with applicable regulations may cause customers to discontinue or limit their operations or may discourage companies from continuing further development activities. As a result, demand for the Company's services could be substantially affected by laws and regulations that adversely impact its customers and the industries and regions in which such customers operate.

4.1.14 Competition and Reputation

The energy and industrial services industries in which ClearStream operates are highly competitive and to be successful, ClearStream must provide services that meet the specific needs of its customers at competitive prices. The principal competitive factors for ClearStream's business are service quality and availability, performance and reliability, technical knowledge, experience, safe operations and competitive pricing. ClearStream competes with companies that are larger and smaller than it. Each competitor has its own advantages and disadvantages relative to ClearStream. New contract awards and contract margin are dependent upon the level of competition and the general state of the industry sectors in which the Company operates. Fluctuations in demand in the industry sectors in which ClearStream operates may impact the degree of competition for new work. Reduced activity in the oil and natural gas industry can intensify competition and result in lower revenue to ClearStream. Competitors that have greater financial and other resources can better bear the risk of under-pricing projects, whereas smaller competitors may have lower overhead cost structures and therefore may be able to provide their services at lower rates. The loss of existing customers to competitors or the failure to win new projects could materially and adversely affect the Company's business and results of operations. There can be no assurance that the Company will be able to successfully compete against its competitors or that such competition will not have a material adverse effect on its business, financial condition, results of operations and cash flows.

Reputation in the energy and industrial services industries is a significant factor in the long-term success of the Company. Adverse opinions may impact long-term financial results and can arise from a number of factors including errors or losses on specific projects, employee sentiment, questions concerning business ethics and integrity, corporate governance, the accuracy and quality of financial reporting and public disclosure as well as the quality and timing of the delivery of key products and services. Such adverse opinions could compromise the reputation of the Company and adversely impact the financial results of the Company. The Company has put in place various controls and procedures to mitigate this risk; however, these controls and procedures cannot guarantee the management of this risk.

4.1.15 Investor Sentiment

Recent investor concerns over unsupportive government policies related to energy, the changing Canadian regulatory environment, the potential effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, the risk of environmental damage related to petroleum product spills during transportation and concerns about indigenous rights have resulted in the announcement by some institutional, retail and public investors that they are no longer willing to fund or invest in the oil and natural gas industry or energy service companies or are reducing their investment over time. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry may result in a limitation on oil and gas producers' access to capital (and an increase in their cost of capital) and impact their ability to finance their existing operations and invest in new projects. Any reduction in the investor base interested or willing to invest in the energy services industry or in the Common Shares or any other securities of ClearStream may result in a limitation on the Company's access to capital (and an increase in its cost of capital) and a decrease in the trading price and liquidity of the Common Shares. A limitation on access to capital for the Company and its customers involved in the oil and gas industry could have a material adverse effect on its business, results of operations, cash flows and financial condition.

4.1.16 Influence of Public Perception on Canadian Oil and Natural Gas Industry

Concern over the impact of oil and gas development on the environment and climate change has received considerable attention in the media and recent public commentary, and the social value proposition of resource development is being challenged. In recent years, public opinion regarding the Canadian oil and natural gas industry has been negatively influenced by anti-Canadian oil and natural gas industry and environmental activist groups' negative portrayal of the industry's development projects. These projects include proposed pipeline projects that, if built, would help alleviate Canadian oil and natural gas transportation bottlenecks. The impacts of a negative public opinion on the industry may include decreases in Canadian oil and natural gas industry activity, declining investor interest, increased regulatory oversight, increased legal and regulatory proceedings directed towards market access infrastructure, delays in project execution, and decreases in the willingness of companies, such as lenders and insurers, to provide services to industry participants. This could have a continued negative effect on the Canadian oil and natural gas industry, which could, in turn, have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.17 Seasonality

In western Canada, the level of activity in the energy services industry is influenced by seasonal weather patterns. Spring break-up during the second quarter leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of energy services. The duration of this period has a direct impact some of the services that ClearStream provides. Spring break-up occurs earlier in the year in south-eastern Alberta than it does in northern Alberta. The timing and duration of spring break-up is dependent on weather patterns, but it generally begins in March and may continue into May or June.

The demand for energy services may also be affected by the severity of the Canadian winters. If an unseasonably warm winter prevents sufficient freezing, ClearStream may not be able to access oilfield work sites and its operating results and financial condition may therefore be adversely affected. At the other extreme, very cold weather may curtail operations for a period of time. During excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which can have a material adverse effect on ClearStream's business, results of operation, cash flows and financial condition.

4.1.18 Sources, Pricing and Availability of Equipment and Parts

ClearStream sources its equipment and parts from a variety of suppliers. Should any suppliers of ClearStream be unable to provide the necessary equipment or parts or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services or in the time required to find new suppliers could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.19 Project Delivery Risks

ClearStream has a variety of service contracts and projects underway at any given time. Project delays may result in delayed revenue receipts and cost overruns may result in projects being uneconomic.

A portion of ClearStream's revenues is derived from stand-alone construction projects under "lump sum" contracts pursuant to which ClearStream provides a commitment to the customer to complete the project at a fixed price or a guaranteed maximum price. Although these projects provide opportunities for increased revenue and profit contributions, they can also occasionally result in significant losses because any quantity estimate errors, schedule delays or productivity losses must be absorbed within the “lump sum”. Although "lump sum" projects do not represent a high percentage of the work ClearStream performs, ClearStream may experience periods of irregular or reduced revenues due to certain “lump sum” projects. The recording of the results of these project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods.

The Company’s ability to complete projects and to conduct its business operations in general involves many operating risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome, including: general business and market conditions; operational and safety considerations; commodity prices; regulatory and other delays and postponements in energy industry projects such as pipelines, liquified natural gas and oil sands projects; hiring and retaining necessary skilled personnel; labour action and disruptions; highly competitive and fragmented market for energy and industrial services; partner risk; litigation risk; reputation risk resulting from personal injury, property damage or environmental damage arising from Company operations; access to and development of new technology commensurate with digitalization trends in the industry; weather, seasonality and access restrictions; timing and success of integrating the business and operations of acquired assets and companies; phased growth execution; risk of increases in government regulatory restrictions including as regards to environmental protection, energy project approvals, health and safety and taxation; risk of negative public perceptions and ambivalent or adverse investor sentiment towards the Canadian energy sector.

4.1.20 Environmental Regulation

The operations of ClearStream are, and will continue to be, affected in varying degrees by numerous federal, provincial and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection. While the Company strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond the Company’s control that could adversely affect it. Changes to existing environmental laws or regulations could have a negative impact on development projects in the regions where the Company and its customers operate, which could, in turn, have a material adverse effect on the Company’s operations, capital expenditure requirements, competitive position and other factors relating to the Company’s financial performance.

The oil and natural gas industry is subject to range of environmental regulation pursuant to a variety federal, provincial and local legislation, including laws and regulations that: prohibit, restrict and regulate the release or emission of various substances used or produced in certain oil and natural gas industry operations; require and regulate the decommissioning and reclamation of well and facility sites to the satisfaction of regional authorities; and govern the regulatory approval process for major energy projects. Compliance with all such environmental legislation can require significant expenditures by ClearStream’s customers and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of significant fines and penalties.

ClearStream believes that it is reasonably likely that the trend towards more stringent standards in environmental legislation and regulation will continue. Given the evolving nature of the debate related to climate change, the control of greenhouse gases, regulatory approvals for major energy industry projects and resulting regulations and requirements, ClearStream cannot predict the nature of those regulations and requirements or the impact on ClearStream and its business, results of operations, cash flows and financial condition.

4.1.21 Customer Concentration

Large contracts often create a situation where a significant portion of ClearStream's revenue and accounts receivables may be from a small number of customers increasing the risks of economic dependence and concentration of credit. During periods of slower industry activity, ClearStream may have greater exposure to fewer customers. In addition, merger and acquisition activity amongst customers could decrease demand for ClearStream's services. ClearStream's top three customers made up approximately 29% of its revenues for 2021 (2020 – 25%). The loss of, or a significant reduction in business with, one or more of these customers, whether as a result of completion of a contract, early termination, or a failure or inability to pay amounts owed, could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.22 Regional Concentration

A large percentage of the Company's revenues originate in Alberta and British Columbia, resulting in the Company's performance being sensitive to impacts of localized factors, such as weather conditions, major disasters, provincial rules and regulations, provincial and municipal governments, available workforce and economic factors and trends that are specific to those provinces.

4.1.23 Dependence on Oil Sands Sector

A portion of the Company's work is generated from the development, expansion and ongoing maintenance of oil sands mining, extraction and upgrading facilities. Shutdowns of these facilities due to events that are outside of the control of the Company or its customers, such as cancellation of projects due to downturns in oil and gas prices, natural disasters, mechanical breakdowns, technology failures or pressure from environmental activism, could lead to temporary shutdown or complete cessation of projects on which the Company is working. These events could materially and adversely affect the Company's business and results of operations.

4.1.24 Unexpected Adjustments and Cancellations in Backlog

ClearStream may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. This is a fundamental condition of the energy services industry. ClearStream's projects may remain in its backlog for an extended period of time. ClearStream includes in its backlog binding letters of intent, work orders and cost reimbursable contracts, which may be different than the items other issuers include in backlog. As many of ClearStream's customers have the right to terminate their contracts on short notice, project cancellations or scope adjustments may occur, from time to time. Backlog reductions can adversely affect the revenue and profit ClearStream actually receives from projects reflected in its backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of the Company's backlog and the revenues and profits that ClearStream actually receives. Additionally, in the event of a project cancellation, the Company may be reimbursed for certain costs, but typically has no contractual rights to the total revenue that was expected to be derived from such project.

4.1.25 Technology Risk

ClearStream's ability to meet customer demands may be influenced by advances and changes in technology. To the extent that ClearStream does not keep up with changes in technology, demand for its services may be hindered. There is no assurance that the Company will be able to keep up with changes in technology and failure to do so may have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

4.1.26 Operating Risk and Limitations of Insurance

ClearStream's operations are subject to hazards inherent in the energy and industrial services industries, such as equipment defects, malfunction and failures, natural disasters (including floods and fires), vehicle accidents, explosions and uncontrollable flows of oil, natural gas or other fluids, any of which can cause personal injury, loss of life, suspension of operations, business interruption and damage to or destruction of property, equipment, facilities and the environment. These risks could expose ClearStream to substantial liability and losses for personal injury, wrongful death, property damage, loss of oil and natural gas production, business interruption, pollution and other environmental damages, professional liability, product liability and other claims against the Company. The frequency and severity of such incidents may affect operating costs, insurability and relationships with customers, employees and regulators. Such liabilities could potentially exceed the Company's current insurance coverage.

ClearStream maintains insurance coverage that it believes to be adequate and customary in the industry. However, there can be no assurance that such insurance will be adequate to cover potential liabilities. In addition, there can be no assurance that ClearStream will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. A partially or completely uninsured claim, if successful, and of significant magnitude, could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.27 Litigation Risk

In the normal course of the Company's operations, whether directly or indirectly, the Company has been, and in the future may become, involved in, named as a party to, or the subject of, various legal proceedings and legal actions relating to, among other things, contract disputes for which insurance is not available, human resources matters, personal injuries, property damage and general commercial matters arising from its business activities. These potentially adverse outcomes could include financial loss, damage to the Company's reputation or reduction of prospects for future contract awards.

4.1.28 Price and Availability of Alternative Fuels

Fuel conservation measures, alternative fuel requirements, climate change initiatives, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy, renewable energy and energy generating devices could reduce the demand for oil and natural gas. ClearStream cannot predict the impact of changing demand for oil and natural gas products, and any major changes may negatively affect cash flows and asset values of ClearStream's customers, which may in turn have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.29 Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

ClearStream makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations, processes and procedures in a timely and efficient manner, as well as ClearStream's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of ClearStream. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters.

Management continually assesses the value and contribution of services offered to customers and assets required to provide such services. In this regard, non-core assets may be disposed of, so that

ClearStream can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of ClearStream, if disposed of, could realize less than their carrying value in the financial statements of ClearStream.

4.1.30 Potential Future Developments

Management of the Company, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Company's securities. The Company's practice is not to publicly disclose the pursuit of a potential strategic opportunity or transaction unless and until a definitive binding agreement is reached unless otherwise required by applicable law. There can be no assurance that investors who buy or sell securities of the Company are doing so at a time when the Company is not pursuing a particular strategic opportunity or transaction that when announced, would have a significant effect on the price of the Company's securities.

4.1.31 Improper Access to Confidential Information

In the normal course of business, ClearStream may discuss potential business relationships, transactions, financing solutions or other activities with third parties, at which time ClearStream may disclose confidential information relating to its business or operations. Resignation of an employee or competitors hiring former management and employees of ClearStream may result in disclosure of confidential information relating to the business or operations of ClearStream. A breach of confidentiality could put ClearStream at a competitive risk and may have a material adverse effect on its business, results of operations, cash flows and financial condition. In addition, ClearStream's efforts to protect its confidential information, as well as the confidential information of its customers, may be unsuccessful due to the actions of third parties, software bugs or other technical malfunctions, employee error or wrongdoing, lost or damaged data as a result of a natural disaster, data breach, intentional harm done to software by hackers, or other factors. Any of these events could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.32 Cyber Security Risk

The Company utilizes a number of information technology systems for the management and operation of its business and is subject to a variety of information technology and system risks as part of its normal operations, including potential breakdown, invasion, virus, cyber-attack, cyber fraud, security breach and destruction or interruption of the Company's information technology systems by third parties or insiders.

Although the Company has security measures and controls in place that are designed to mitigate these risks, a breach of its security measures and/or loss of information could occur and could lead to a number of adverse consequences, including but not limited to: the unavailability, disruption or loss of communication links and other key functionalities within the information technology systems, the unauthorized disclosure, corruption or loss of material and confidential information, breach of privacy laws and a disruption to the Company's business activities.

The Company attempts to prevent such breaches through, among other things, the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage the Company's technology applications, conducting periodic audits and adopting policies and procedures as appropriate. However, there is no guarantee that the measures the Company takes to protect its information technology systems will be effective in protecting against such breaches. Any of these events could have a material adverse effect on ClearStream's reputation, business, results of operations, cash flows and financial condition.

4.1.33 Income Tax Matters

The Company files all required income tax returns and believes it is in full compliance with the applicable tax legislation. However, tax authorities having jurisdiction over the Company or its shareholders may disagree with the manner in which taxes were calculated or with the amount of taxes remitted, or could change their administrative practices to the detriment of the Company or its shareholders. An audit or reassessment of the Company's tax filings by the applicable taxation authority may have a negative impact on current and future taxes payable, which could have a material adverse effect on ClearStream's business, results of operations, cash flows and financial condition.

4.1.34 General Economic Factors

The Company's business is subject to changes in general economic conditions over which ClearStream has little or no control, including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, insurance costs, labour, fuel and equipment costs, and fluctuations in customers' business cycles and international, national and regional economic conditions. ClearStream cannot predict the impact of future economic conditions on the Company's business, results of operations, cash flows and financial condition.

4.2 Risks Relating to Common Shares of the Company

4.2.1 Unpredictability and Volatility of Common Share Price

A publicly-traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies providing services to the energy industry. Often these fluctuations have been unrelated to the operating performance of such companies or have resulted from the failure of the operating results of such companies to meet market expectations in a particular quarter or other time period. Broad market fluctuations, or any failure of the Company's operating results to meet expectations in a particular quarter or other timeframe, may adversely affect the market price of the Common Shares. The trading activity and market price for the Common Shares may be subject to downward risk due to ClearStream's small market capitalization, low trading volume and low liquidity.

4.2.2 Potential Sales of Additional Common Shares

The Company may issue additional Common Shares or securities exchangeable for or convertible into Common Shares in the future. Such additional Common Shares may be issued without the approval of shareholders. The shareholders will have no pre-emptive rights in connection with such additional issues. Any additional issuance of Common Shares will result in the dilution of the interests of shareholders.

5. DIVIDENDS

The Company has not paid any cash dividends on its Common Shares since September 2008. Further, the Company intends to retain its earnings or make required payments under its credit facilities and senior indebtedness and does not expect to pay any cash dividends in the foreseeable future. The timing, payment and amount of dividends, if any, will be determined by the Board of Directors from time to time based upon, among other things, cash flow, results of operations and financial condition, fluctuations in working capital and such other business considerations as the Board may consider relevant, in addition to applicable law and restrictions under the Senior Secured Debentures, the ABL Facility and/or the BDC Facility which prohibit dividends while amounts remain outstanding thereunder.

The Preferred Shares have a 10% fixed cumulative preferential cash dividend payable when the Company shall have sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The Board of Directors does not intend to declare or pay any cash dividends until such time as the Company's balance sheet and liquidity position supports the payment. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Preferred Shares of the same series.

As at December 31, 2021, the accrued and unpaid dividends on the Preferred Shares totaled $59.9 million. Assuming that the holders of the Preferred Shares exercise the right to convert such accrued and unpaid dividends into additional Preferred Shares and then convert such Preferred Shares into Common Shares, approximately 242,857,000 Common Shares would be issued, which represents approximately 221% of the Common Shares outstanding as of December 31, 2021.

6. CAPITALIZATION OF THE COMPANY

6.1 Share Capital

The authorized share capital of the Company consists of: (i) an unlimited number of Common Shares; and (ii) preferred shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding Common Shares at the time of issuance of such preferred shares.

As of December 31, 2021, the Company's issued and outstanding capital included 109,992,668 Common Shares, 127,735 Series 1 Preferred Shares and 40,111 Series 2 Preferred Shares.

6.2 Common Shares

Each Common Share entitles the holder thereof to one vote at all meetings of shareholders other than meetings at which only the holders of another class or series of shares are entitled to vote. Each Common Share entitles the holder thereof to receive, subject to the rights, privileges, restrictions and conditions attaching to any series of the Preferred Shares, any dividends declared by the Board of Directors and the remaining property of the Company upon dissolution.

6.3 Preferred Shares

The Preferred Shares are issuable in series and each class of Preferred Shares has such rights, restrictions, conditions and limitations as the Board of Directors may from time to time determine. The holders of Preferred Shares are entitled, in priority to holders of Common Shares, to be paid rateably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified to be payable preferentially to the holders of such series and upon liquidation, dissolution or winding up of the Company, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable to holders of such series. Unless required by law, the holders of Preferred Shares are not entitled to receive any notice of or attend any meeting of shareholders of the Company and shall not be entitled to vote at any such meeting.

6.4 Series 1 Preferred Shares

As part of the refinancing transaction in 2018, ClearStream created a series of preferred shares pursuant to articles of amendment of the Company dated January 4, 2018 and issued 127,565 Series 1 Preferred Shares to Canso. Subsequent to the refinancing transaction, an additional 188 Series 1 Preferred Shares were issued in exchange for certain convertible debt. In the fourth quarter of 2019, 51,427 Common Shares were issued upon the conversion of 18 Series 1 Preferred Shares.

The terms of the Series 1 Preferred Shares provide for a 10% fixed cumulative preferential cash dividend payable upon sole determination by the Board of Directors. Accrued but unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 Preferred Shares with a value of $1,000 per share. Holders of the Series 1 Preferred Shares have the right, at their option, to convert their Series 1 Preferred Shares into Common Shares at a price of $0.35 per Common Share, subject to adjustment in certain circumstances. The Series 1 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

As of December 31, 2021, 127,735 Series 1 Preferred Shares were issued and outstanding.

For additional information regarding the Series 1 Preferred Shares, see the Company's audited consolidated financial statements for the year ended December 31, 2021 and the related management's discussion and analysis of the operating and financial results (collectively, the "**2021 Financial Statements and MD&A**").

6.5 Series 2 Preferred Shares

ClearStream created a second series of preferred shares pursuant to articles of amendment of the Company dated June 25, 2019. On June 27, 2019, ClearStream issued 40,111 Series 2 Preferred Shares to Canso, in exchange for $32.2 million in cash, which ClearStream used to partially finance the AECOM PSD Business Acquisition and the UWO Acquisition, and in settlement of interest obligations of $7,911,000 due to Canso on June 30, 2019 and December 31, 2019 under the Senior Secured Debentures.

The terms of the Series 2 Preferred Shares provide for a 10% fixed cumulative preferential cash dividend payable upon sole determination by the Board of Directors. Accrued but unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 2 Preferred Shares with a value of $1,000 per share. Holders of the Series 2 Preferred Shares have the right, at their option, to convert their Series 2 Preferred Shares into Common Shares at a price of $0.10 per Common Share, subject to adjustment in certain circumstances. The Series 2 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

As of December 31, 2021, 40,111 Series 2 Preferred Shares were issued and outstanding.

For additional information regarding the Series 2 Preferred Shares, see the 2021 Financial Statements and MD&A.

6.6 Senior Secured Debentures

On March 23, 2016, the Company issued 8.00% senior secured debentures due March 23, 2026 pursuant to a trust indenture between ClearStream, as issuer, and BNY Trust Company of Canada, as debenture trustee, as amended and supplemented, on a private placement basis to Canso. In 2020, the debenture trustee was changed to Computershare Trust Company of Canada.

The Senior Secured Debentures bear interest at an annual rate of 8.00% payable semi-annually in arrears on June 30 and December 31 in each year. The maturity date of the Senior Secured Debentures is March 23, 2026. The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Facility and the BDC Facility. The Senior Secured Debentures provide for certain events of default and covenants of the Company, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

In June, 2020, Canso agreed to accept the issuance of an additional 3,956 Senior Secured Debentures on June 30, 2020 and 4,114 Senior Secured Debentures on December 31, 2020 at a principal amount of $1,000 per Senior Secured Debenture in order to satisfy the interest that would otherwise become due and payable on such dates (the "**2020 Payment in Kind Transactions**"). The terms of the new Senior Secured Debentures issued pursuant to the 2020 Payment in Kind Transactions were the same as the existing Senior Secured Debentures in all material respects. In connection with the 2020 Payment in Kind Transactions, the Company entered into the Fifth Supplemental Senior Secured Indenture on June 2, 2020.

On December 10, 2021, Canso agreed to accept the issuance of an additional 4,278 Senior Secured Debentures on December 31, 2021, 4,449 Senior Secured Debentures on June 30, 2022 and 4,627 Senior Secured Debentures on December 31, 2022 at a principal amount of $1,000 per Senior Secured Debenture in order to satisfy the interest that would otherwise become due and payable on such dates (the "**Payment in Kind Transactions**").

The Payment in Kind Transactions will save the Company approximately $13.4 million in cash, preserve this capital for its ongoing operations and improve its financial situation. In addition, the Payment in Kind Transactions will assist the Company to maintain compliance with the covenants under the ABL Facility. Following the Payment in Kind Transactions, the principal amount of Senior Secured Debentures outstanding was $111.2 million at December 31, 2021 and will be approximately $115.7 million at June 30, 2022 and $120.3 million at December 31, 2022.

As of December 31, 2021, there were approximately $111.2 million principal amount of Senior Secured Debentures outstanding.

For additional information on the Senior Secured Debentures, including outstanding principal amounts and supplemental indentures, see the 2021 Financial Statements and MD&A. Also see *"Material Contracts"*.

6.7 Credit Facilities

ClearStream's credit facilities consist of the ABL Facility and the BDC Facility.

ABL Facility

The ABL Facility is an asset-based lending facility pursuant to the terms of the Fifth Amended and Restated Credit Agreement dated March 23, 2021 and is comprised of (i) a revolving credit facility providing for maximum borrowings up to $15 million (the “**Revolving Facility**”) with a Canadian chartered bank and (ii) a term loan facility providing for maximum borrowings of up to $40.5 million (the “**Term Loan Facility**”) with Canso. The amount available under the Revolving Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable and inventories of the borrower and the other guarantors, being the Company and certain of its subsidiaries. The Revolving Facility matures on March 31, 2022 and the Term Loan Facility matures 180 days thereafter.

On February 25, 2022, the Company received confirmation from a Canadian chartered bank that it had agreed to provide a $25.0 million asset-based revolving credit facility with a three-year term. See “*General Development of the Business – Recent Developments*”.

BDC Facility

The BDC Facility consists of two secured loans with the Business Development Bank of Canada, which were advanced on June 26, 2019 under the letter of offer dated June 14, 2019 between BDC and ClearStream Energy Holdings LP to partially fund the AECOM PSD Business Acquisition. The first loan (the “**Property Loan**”) was for $13.5 million and was repayable over 300 monthly payments of $45,000 from April 1, 2020 to March 1, 2045. The second loan (the “**Equipment Loan**”) was for $5.5 million and was repayable over 72 monthly payments of $76,000 from July 28, 2019 to June 28, 2025.

On March 30, 2020, the Company signed an agreement with BDC to postpone effective May 1, 2020 all principal payments on the Property Loan and the Equipment Loan for a period of six months with the postponed payments being added to the end of each loan term. As a result of the principal postponement and the application of the proceeds from the sale of certain assets that were pledged as security for the Equipment Loan, the final payment on the Property Loan will occur on October 2, 2045, the final payment on the Equipment Loan will occur on March 28, 2025 and the monthly payment on the Equipment Loan has been reduced to $75,000.

On May 13, 2020, the Company signed an agreement with BDC to postpone effective May 13, 2020 all interest payments on the loans for a period of six months with the amount of the deferred interest being payable at the end of the deferral period in twelve equal consecutive monthly instalments.

Effective December 31, 2020, the Company completed an internal corporate reorganization that included the wind-up of ClearStream Energy Holdings LP, the borrower under the two secured loans from BDC. As a result, ClearStream Real Estate LP became the borrower under the Property Loan and ClearStream Equipment LP became the borrower under the Equipment Loan. As a result of these changes, amendments were made to the applicable lending agreements. See “*Material Contracts*”.

The obligations under the Property Loan are secured by a first security interest on the real property through the AECOM PSD Business Acquisition. The obligations under the Equipment Loan are secured by a first security interest on the equipment acquired through the AECOM PSD Business Acquisition. The obligations under both the Property Loan and the Equipment Loan are also secured by a security interest in all other present and future property, subject to the priorities granted to the lenders under the ABL Facility, the Senior Secured Debentures and other existing commitments.

For additional details regarding ClearStream's credit facilities, including loan amounts, interest rates, covenants and compliance, see the 2021 Financial Statements and MD&A. Also see *"Material Contracts"*.

7. MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Common Shares are listed for trading on the TSX under the symbol "CSM". The following table sets out the high and low trading prices, and trading volumes of the Common Shares on the TSX by month in 2021.

Date	High	Low	Volume
Jan-21	0.045	0.025	3,669,398
Feb-21	0.125	0.030	62,276,401
Mar-21	0.145	0.060	84,317,582
Apr-21	0.120	0.080	13,787,893
May-21	0.110	0.075	7,758,709
Jun-21	0.100	0.075	9,305,056
Jul-21	0.085	0.065	3,748,012
Aug-21	0.070	0.060	2,963,045
Sep-21	0.085	0.060	5,254,657
Oct-21	0.075	0.065	2,553,291
Nov-21	0.080	0.055	3,690,126
Dec-21	0.060	0.045	2,330,004

7.2 Prior Sales

During the year ended December 31, 2021, no Common Shares, Series 1 Preferred Shares or Series 2 Preferred Shares were issued.

8. DIRECTORS AND OFFICERS

8.1 Directors and Officers

The following is a list of the directors and executive officers of the Company, and information regarding each individual including province or state of residence, position with the Company, date of appointment to the position with the Company and their principal occupation during the past five years.

As of March 8, 2022, the directors of the Company were Jordan L. Bitove, Herbert Fraser Clarke, Karl Johannson, Dean T. MacDonald and Sean D. McMaster. All directors hold office until the next annual general meeting of shareholders or until their successors are elected or until the earlier of their death, resignation or removal.

Name and Province / State of Residence	Position (Original Date of Election or Appointment)	Principal Occupation (past 5 years)
Jordan L. Bitove(I)(C)(H) Ontario, Canada	Director (November 4, 2013)	• Publisher of the Toronto Star, Co-Proprietor of Torstar Corporation, and founding partner of NordStar Capital. • Managing Director, Bitove Capital, a Toronto-based private investment firm.
Herbert Fraser Clarke(I)(A)(C) Newfoundland, Canada	Director (October 2, 2013)	• President and Chief Executive Officer, Massage Addict Incorporated, a retailer of massage therapy services.
Dean T. MacDonald(H) Newfoundland, Canada	Director (December 1, 2008)	• Chair of Deacon Investments Ltd. and Deacon Sports and Entertainment Limited. • Executive Chairman, ClearStream Energy Services Inc. (June 2015 to January 2019)
Sean D. McMaster(I)(A)(C) Alberta, Canada	Director (September 16, 2014) Chairman (January 9, 2019)	• Corporate director • Chairman of the Board, ClearStream Energy Services Inc.
Karl Johannson(I)(A)(C)(H) Alberta, Canada	Director (February 21, 2019)	• Corporate director • Employed at TC Energy Corporation from 1994 to 2019 in various capacities. At time of retirement in February 2019, he was Executive Vice President & President, Canadian and Mexico Gas Pipelines and Energy.
Barry Card Alberta, Canada	Interim Chief Executive Officer (March 4, 2022)	• Interim Chief Executive Officer, ClearStream Energy Services Inc. • Chief Commercial Officer, ClearStream Energy Services Inc. (September 2018 to March 2022) • Senior Vice President, Business Development, ClearStream Energy Holdings Inc. (September 2017 to August 2018) • Vice President, Market Development, ClearStream Energy Holdings Inc. (July 2016 to September 2017)
David Randall Watt Alberta, Canada	Chief Financial Officer (November 14, 2018)	• Chief Financial Officer, ClearStream Energy Services Inc. • Chief Financial Officer, Access Pipelines (June 2015 to July 2018)

Name and Province / State of Residence	Position (Original Date of Election or Appointment)	Principal Occupation (past 5 years)
Neil Wotton Alberta, Canada	Chief Operating Officer (November 8, 2016)	• Chief Operating Officer, ClearStream Energy Services Inc. • Chief Operating Officer, ClearStream Energy Holdings Inc. (July 2016 to December 2020)
Murray J. Desrosiers Alberta, Canada	Senior Vice President and General Counsel (September 1, 2019)	• Senior Vice President and General Counsel, ClearStream Energy Services Inc. • Vice President, General Counsel and Corporate Secretary, Baytex Energy Corp. (August 2008 to August 2018)

Notes:

(I) Denotes an "independent" director within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices.
(A) Denotes member of the Audit Committee of the Board.
(C) Denotes member of the Corporate Governance and Compensation Committee of the Board.
(H) Denotes member of the Health, Safety and Environment Committee of the Board.

As at the date of this AIF, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 7,732,907 Common Shares, representing approximately 7.0% of the issued and outstanding Common Shares.

8.2 Audit Committee and Audit Fees

8.2.1 Audit Committee Charter

A copy of the Audit Committee Charter is attached as Appendix A.

8.2.2 Composition of the Audit Committee

As of December 31, 2021, the members of the Audit Committee of the Board (the “**Audit Committee**”) were Messrs. Clarke (Chair), Johannson and McMaster. All members of the Audit Committee are independent and financially literate within the meaning of National Instrument 52-110 Audit Committees ("**NI 52-110**"). The relevant education and experience of each Audit Committee member is set out below.

Mr. Clarke is the President and Chief Executive Officer of Massage Addict Incorporated, a retailer of massage services. Mr. Clarke was the President and Chief Executive Officer of Herbal Magic Inc., a Canadian weight loss and nutrition company, from February 2011 to August 2013, and previously the President and Chief Operating Officer of Herbal Magic Inc. from February 2009 to February 2011. From October 2002 to July 2007, Mr. Clarke was President and Chief Executive Officer of Hair Club for Men. Prior to this role, Mr. Clarke was an Associate at CCC Investment Banking and an Associate at Ernst & Young LLP. Mr. Clarke holds a Bachelor of Commerce (Honours) from Memorial University and is a designated Chartered Professional Accountant and Certified Financial Analyst.

Mr. Johannson is a retired businessman with extensive commercial and operational experience in the upstream and midstream market segments, including natural gas and energy pipelines, as well as in electricity generation and specialty chemicals. From 1994 to February 2019, Mr. Johannson was employed by TC Energy Corporation where he held various leadership roles, including Senior Vice President, Power Commercial; Senior Vice President, Canadian Power; Senior Vice President, Canada and US Northeast Pipeline; President, Natural Gas Pipelines; and, at the time of his retirement, Executive Vice President & President, Canadian and Mexico Gas Pipelines and Energy. From 2013 to 2018, Mr. Johannson served as a director and chairman of the general partner of TC Pipelines L.P., a NYSE-listed limited partnership.

Mr. Johannson currently is a member of the Board of Directors of the Alberta Electric System Operator and a member of the Board of Governors of Mount Royal University. Mr. Johannson previously served on the Board of Directors of several companies and associations, including Bruce Power LLP, a nuclear power generation company, Cancarb Limited, a specialty chemical company producing primarily thermal carbon black, the Canadian Energy Pipeline Association, the Canadian Gas Association, and the Canadian Electric Association. Mr. Johannson holds a Bachelor of Arts degree in Economics and a Master of Business Administration in Finance from the University of Calgary. He is also a graduate from Harvard Business School's General Management Program (2002).

Mr. McMaster is a retired businessman with extensive experience in legal and regulatory matters. From 1996 to February 2014, Mr. McMaster was employed by TC Energy Corporation where he held various leadership roles. At the time of his retirement, he was Executive Vice President, Stakeholder Relations and General Counsel at TC Energy Corporation with overall responsibility for the management of legal and regulatory affairs, stakeholder relations, internal audit, external communications, compliance and corporate security. He was President of TransCanada Power, L.P., a TSX-listed limited partnership, and a director of Bruce Power, the entity that operates North America's largest nuclear facility. Mr. McMaster graduated from the University of Windsor in 1981 with a Bachelor of Arts (Honours) in Economics and Political Science. He received his Bachelor of Laws from the University of Alberta in 1989 and his Masters of Law from York University in 2006. Mr. McMaster obtained the Charter Director (C. Dir.) designation from the Directors College (a joint venture of McMaster University and the Conference Board of Canada) in 2010.

8.2.3 Pre-Approval Policies and Procedures

Although the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services by our auditors, it does pre-approve all non-audit services to be provided to us and our subsidiaries by the external auditors. The pre-approval for recurring audit services is provided on an annual basis and other services are subject to pre-approval as required.

8.2.4 External Auditor Service Fees

Ernst & Young LLP has been the auditor of ClearStream since 2009. Fees paid or payable to Ernst & Young LLP for the two most recently completed financial years are as follows:

Type of Service Provided	2020	2021
Audit Fees(1)	$597,000	$576,500
Audit-Related Fees(2)	45,500	45,500
Tax Fees(3)	-	-
All Other Fees(4)	1,500	1,950
Total	**$644,000**	**$623,950**

Notes:

(1) Audit fees are for the audit of the annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees are for assurance and related services that are reasonably related to the performance of the audit or review the Company's financial statements and are not reported as Audit Fees. In 2020 and 2021, audit-related services included procedures regarding internal control over financial reporting.
(3) Tax fees are for tax compliance, consulting and planning advisory services.
(4) All other fees include all other non-audit services. In 2020 and 2021, all other fees related to a subscription fee for an IFRS portal.

8.3 Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management of the Company, no director or executive officer of the Company is, as at the date of this AIF, or has been, within 10 years before the date of this AIF:

(a) a director, chief executive officer or chief financial officer of any company (including ClearStream) that,

(i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;

(b) a director or executive officer of any company (including ClearStream) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

For the purposes of section (a) above, the term "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

To the knowledge of management of the Company, no director or executive officer of the Company or shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

8.4 Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of ClearStream and its subsidiary entities will be subject in connection with the operations of ClearStream and its subsidiary entities. In particular, certain of the directors and officers of ClearStream are or may come involved in and will continue to engage in other activities in the oil and gas industry and the energy and industrial services sectors, including involvement with companies whose operations may, from time to time, be in direct competition with those of ClearStream or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of ClearStream. Conflicts, if any, will be subject to the procedures and remedies available under the *Business Corporations Act* (Alberta) (the "**ABCA**"). The ABCA provides that in the event that a director or officer has an interest in a contract or proposed contract or agreement, the director or officer will disclose his interest in such contract or agreement and will refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the ABCA.

ClearStream is not aware of any existing or potential material conflicts of interest between ClearStream or any of its subsidiary entities and any director or officer of ClearStream or any of its subsidiary entities.

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that ClearStream is or was a party to, or that any of its property was the subject of, during the most recently completed financial year, that were or are material to the Company, and there are no such material legal proceedings that ClearStream is currently aware of that are contemplated.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements that the Company entered into with a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than in connection with:

(a) the involvement of Canso, in the AECOM Private Placement, the UWO Private Placement and the Interest Settlement, as referenced in section 2.2.1.C "*2019 Developments*";

(b) the involvement of Canso in the 2020 Payment in Kind Transactions, as referenced in section 2.2.2.A "*Senior Secured Debentures – Payment in Kind Transactions*"; and

(c) the involvement of Canso in the Payment in Kind Transactions, as referenced in section 2.2.3.B "*Senior Secured Debentures – Payment in Kind Transactions*",

there were no material interests, direct or indirect, of directors and executive officers of the Company, any holder of Common Shares who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or since the beginning the most recently completed financial year, which has materially affected or is reasonably expected to materially affect the Company.

11. TRANSFER AGENT, REGISTRAR AND TRUSTEE

Computershare Investor Services Inc., located at #800, 324 – 8th Avenue S.W., Calgary, Alberta, T2P 2Z2, is the transfer agent and registrar of the Common Shares, the Series 1 Preferred Shares and the Series 2 Preferred Shares.

Computershare Trust Company of Canada, located at 100 University Avenue, 11th Floor, Toronto, Ontario, M5J 2Y1 is the registrar and debenture trustee of the Senior Secured Debentures.

12. MATERIAL CONTRACTS

The following lists the material contacts that the Company has entered into during its most recently completed financial year or before its most recently completed financial year and are still in effect:

(a) the fifth amended and restated credit agreement in respect of the ABL Facility (filed March 26, 2021);

(b) the Senior Secured Indenture (filed March 24, 2016), the first supplement thereto (filed March 7, 2017), the second supplement thereto (filed January 16, 2018), the third supplement thereto (filed December 6, 2018), the fourth supplement thereto (filed July 25, 2019), the fifth supplement thereto (filed June 8, 2020), the sixth supplement thereto (filed February 5, 2021) and the seventh supplement thereto (filed December 15, 2021);

(c) letter of offer dated December 31, 2020 among Business Development Bank of Canada, ClearStream Real Estate LP and ClearStream Energy Equipment Ltd. in respect of the BDC Facility (filed February 5, 2021); and

(d) letter of offer dated December 31, 2020 among Business Development Bank of Canada, ClearStream Equipment LP and ClearStream Energy Equipment Ltd. in respect of the BDC Facility (filed February 5, 2021).

Copies of the foregoing documents have been filed on SEDAR on the dates noted above and can be accessed under the Company's profile on the SEDAR website at www.sedar.com.

13. INTERESTS OF EXPERTS

Ernst & Young LLP are the auditors of the Company and have confirmed with respect to the Company, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

14. ADDITIONAL INFORMATION

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities issued and authorized for issuance under equity compensation plans is contained in the Company's management information circular prepared in connection with the Company's most recent annual meeting of shareholders that involved the election of directors. Additional financial information is contained in the Company's audited consolidated financial statements and management's discussion and analysis of operating and financial results for the year ended December 31, 2021. All of these documents can be accessed under the Company's profile on the SEDAR website at www.sedar.com.

APPENDIX A

AUDIT COMMITTEE CHARTER

Purpose and Authority

The primary function of the Audit Committee (the "**Committee**") of ClearStream Energy Services Inc. (the “**Company**”) is to assist the board of directors of the Company (the “**Board**”) in fulfilling its oversight responsibilities relating to the financial information that will be provided to shareholders and others, the systems of internal controls that management of the Company (“**Management**”) and the Board have established, and the Company's and its subsidiaries' audit and financial reporting process.

The external auditor's ultimate responsibility is to the Board and the Committee, as representatives of the Company and its shareholders.

The Committee will primarily fulfill its responsibilities by carrying out the activities outlined in this Charter. The Committee is given full access to Management, the records of the Company and its external auditor(s) as necessary to carry out these responsibilities.

The Committee may, with the approval of the Board, retain independent counsel and/or other advisors to assist in fulfilling its responsibilities, at the expense of the Company.

Composition and Qualification

The Committee will be comprised of three (3) or more directors as designated by the Board from time to time. All members of the Committee shall be “independent” directors, as determined by the Board in accordance with applicable securities laws and stock exchange rules.

Each member of the Committee will serve only at the pleasure of the Board and, in any event, only so long as he or she shall be an independent director. The Board may fill vacancies in the Committee by appointment, and if and whenever a vacancy shall exist in the Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.

All members of the Committee shall be financially literate and thus be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. At least one (1) member of the Committee will have accounting or related financial expertise. This could include past employment experience in finance or accounting, a professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including serving as or having served as a chief executive officer, chief financial officer or other senior officer of an entity with financial oversight responsibilities.

Responsibilities and Duties

The Committee shall have the following responsibilities and duties:

(a) review and recommend to the Board for approval the Company's financial statements, management's discussion and analysis, annual information forms, news releases and any earnings guidance and all public disclosure documents containing audited or unaudited financial information before release;

(b) ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure referred to above, and periodically assess the adequacy of these procedures;

(c) review with Management all significant variances between comparative reporting periods in any financial statements of the Company, including variances in forecasted financial information from actual results which may have been included in any public disclosure documents of the Company;

(d) meet periodically with the external auditor(s) and at least once a year meet with the external auditor(s) without Management present and report to the Board on such meetings, including the nature of the external auditor's recommendations, and assume direct responsibility for overseeing the work of the external auditor(s), including the resolution of disagreements between the external auditor and Management;

(e) make recommendations to the Board as to the reappointment or appointment of the external auditor(s) and the nomination and remuneration of the external auditor(s) on an annual basis;

(f) if a change in external auditor(s) is proposed, the Committee will inquire as to the reasons for the change, including the response of the incumbent external auditor(s), and inquire as to the qualifications of the newly proposed external auditor(s) before making its recommendation to the Board;

(g) (i) review the audit plans of the external auditor(s) and report to the Board any significant reservations the Committee may have or the external auditor(s) have expressed with respect to such arrangements or scope; and (ii) review with the external auditor(s) the degree of coordination of those plans and inquire as to the extent the planned audit scope can be relied upon to detect weaknesses in internal controls;

(h) review and confirm the independence of the external auditor(s) by obtaining statements from such external auditor(s) on relationships between the external auditor(s) and the Company, including non-audit services, and discussing the relationships with the external auditor(s);

(i) review the basis and amount of the external auditor's fees in light of the number and nature of reports issued by the external auditor(s), the quality of the internal controls, the size, complexity and financial condition of the Company and the extent of support provided to the external auditor(s);

(j) review and pre-approve any non-audit related services provided to the Company and its subsidiary entities by the external auditor(s) of the Company and other accounting firms and the fees related thereto;

(k) (i) review Management’s programs and policies regarding the adequacy of internal controls over the accounting and financial reporting systems within the Company; and (ii) meet with appropriate officers of the Company to discuss the effectiveness of the internal control and information security procedures established for the Company;

(l) review the recommendations of the external auditor(s) for strengthening internal controls to ensure that processes are in place to mitigate or eliminate risks associated with financial reporting and cash management for the Company as well as the response of Management to these recommendations;

(m) receive reports relating to compliance by the Company with the legal and regulatory obligations applicable to it;

(n) (i) review Management's plans regarding any changes in accounting practices or policies and the financial impact thereof; and (ii) review any major areas of management judgement and estimates that have significant effect upon the financial statements of the Company;

(o) review with Management, the external auditor(s) and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a materially adverse effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements of the Company;

(p) review and recommend to the Board the Audit Committee Information (or similarly captioned) section of the Company's annual information form and any other disclosure required under applicable law with respect to matters that are within its responsibilities before the Company publicly discloses this information;

(q) establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters, including a violation of the Company's Code of Conduct and Ethics Policy;

(r) review and approve any proposed hiring by the Company of current or former partners or employees of the current and former external auditor(s);

(s) review and assess the adequacy of this Charter from time to time based on its assessment of the Company's needs, legal and regulatory developments and applicable best practices and, where appropriate, request Board approval for any proposed changes;

(t) perform other activities related to this Charter as requested by the Board; and

(u) report on its activities to the Board regularly.

Meetings

A quorum for the transaction of business of the Committee shall consist of a majority of the members of the Committee. No business may be transacted by the Committee except at a meeting at which a quorum is present. Alternatively, business may be transacted by the Committee by a resolution in writing signed by all members of the Committee who would have been entitled to vote on that resolution at a meeting of the Committee.

The Committee will meet on a quarterly basis and will hold special meetings if circumstances require. The time and place for meetings of the Committee and procedures at such meetings shall be determined from time to time by the Committee.

The Secretary of the Company shall, upon the request of the Chairman of the Committee, any member of the Committee, the external auditor(s), the Chief Executive Officer of the Company or Chief Financial Officer of the Company, call a meeting of the Committee by giving at least 48 hours' advance notice to each member; provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting. The Committee expects that written materials will be received from Management in advance of meeting dates. Unless the

Committee otherwise decides, information distributed to the Committee members will be made available to all directors.

Any member of the Committee may participate in a meeting of the Committee by means of a conference telephone or other communication equipment and the member participating in a meeting in such manner shall be deemed, for purposes hereof, to be present in person at the meeting.

The Committee shall keep minutes of its meetings which shall be submitted to the Board.

One of the members of the Committee shall be elected as its Chairman by the Committee or the Board and the Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

The Committee may invite such officers and employees of the Company and its external auditor(s) as it may see fit, from time to time, to attend meetings of the Committee.

At each meeting of the Committee, an opportunity will be provided for the Committee to meet without management present.

This Charter was approved by the Board of Directors on December 3, 2019